



June 27, 2005

## **Former Senator John Celona is charged with fraud**

The United States Attorney has charged former Rhode Island Senator **John A. Celona** with defrauding the citizens of Rhode Island by accepting money and gifts from corporations that had interests in legislation pending before the General Assembly.

United States Attorney Robert Clark Corrente, Kenneth W. Kaiser, Special Agent in Charge of the Federal Bureau of Investigation, and Colonel Steven M. Pare, Superintendent of the Rhode Island State Police, jointly announced a three-count information, which the U.S. Attorney filed today in the U.S. District Court in Providence.

A plea agreement was also filed with the federal court today in which Celona has agreed to plead guilty to the charges and to cooperate with the government in a continuing investigation.

In overview, according to the information, Celona deprived Rhode Islanders of the benefit of his honest services when he represented them as a Senator and as Chairman of the Senate Corporations Committee. It alleges three separate schemes: one with a medical center, one with a pharmacy company, and one with a health insurance company. Under Department of Justice policy, the U.S. Attorney's office does not identify parties that have not been charged.

The information alleges that Celona accepted consulting fees or other benefits that were intended to affect pending legislation or to otherwise benefit the corporations that were paying him. It also alleges that Celona concealed the conflicts of interests that his corporate

-more-

relationships created by failing to fully and truthfully disclose those relationships in reports that he filed with the Rhode Island Ethics Commission. Celona is charged with three counts of mail fraud for mailings allegedly made to advance the schemes.

### **The Medical Center Scheme**

The information alleges that, between 1998 and 2003, the medical center paid Celona consultant fees through an assisted living facility that it partly owned and that Celona performed numerous tasks on the medical center's behalf, including opposing bills that would have an adverse effect on the medical center. The information further alleges that, between March 1998 and January 2004, the medical center, through the assisted living center, paid Celona over \$260,000.

### **The Pharmacy Scheme**

The information alleges that, between April 2000 and September 2003, the pharmacy paid Celona monthly fees totaling \$45,000, which were meant to persuade Celona to withdraw his support for Pharmacy Freedom of Choice legislation and to benefit the pharmacy in other ways. In August 2003, when a pharmacy executive told Celona that they would have to end the consulting agreement, the executive allegedly provided Celona with a complimentary trip to a charity golf tournament in San Diego.

### **The Health Insurance Scheme**

The information alleges that, in 2002, the health insurance company began paying a communications company to produce a cable access television program for Celona. At the

-more-

time, Celona was chairman of the Senate Corporations Committee, which gave him influence over legislation of importance to the health insurance company. Between December 2002 and December 2003, the communications company gave Celona \$13,565 for the cable access show, money that the health insurance company had allegedly provided.

The information alleges that, after the health insurance company began paying him consultant fees through the communications company, Celona agreed to further the health insurance company's interests by supporting legislation that the company deemed favorable and opposing legislation that the company saw as unfavorable.

The information further alleges that Celona and the communications company, in a series of deceptions reported to the Ethics Commission, misrepresented the true nature and extent of Celona's relationship with the company. It alleges that, among other deceptions, Celona and the communications company claimed that payments made to Celona were reimbursements for "out-of-pocket expenses."

Even though a plea agreement is on file, an information is merely an allegation and a defendant is presumed innocent unless and until the defendant enters a formal guilty plea or is proven guilty of the charges.

The maximum penalty for each count of mail fraud, upon conviction, is five years in federal prison and a \$250,000 fine. A summons will be issued for Celona to appear for arraignment on the information.

The **Federal Bureau of Investigation** and the **Rhode Island State Police** are conducting the investigation. Assistant U.S. Attorneys Gerard B. Sullivan, Terrence P. Donnelly, Dulce Donovan, and Luis M. Matos are handling the prosecution and overseeing the investigation.